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Cooperative Extension Service

HOME-BASED BUSINESS SERIES

Catering

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Getting Started #1

Does your cooking receive rave reviews? If you truly enjoy cooking and get pleasure from preparing and serving food to others, you may want to consider catering from your home.

In the words of one home-based caterer, "Going into this business was a natural for me. . . I always enjoyed cooking and experimenting in the kitchen with new recipes. I find preparing food not only relaxing, but also a creative outlet. . . I get a sense of personal satisfaction when others say they enjoy my cooking."

By catering from your home, you can earn your own income, be your own boss, set your own hours, and gain personal satisfaction.

Skills and Traits Required

Running a home catering business requires certain abilities. To assess your potential for success, take this quiz:

	Yes	No
1. Do you enjoy preparing food?	☐	☐
2. Does it please you when others say they enjoy your cooking?	☐	☐
3. Are you imaginative and creative when it comes to food preparation?	☐	☐
4. Do you have a good sense of organization?	☐	☐
5. Do you have physical stamina and consider yourself in reasonably good health?	☐	☐
6. Can you work under pressure when necessary?	☐	☐
7. Do you like people?	☐	☐

If you have answered "Yes" to most of the questions, a home catering business may be for you.

Aside from enjoying cooking and pleasing the taste buds of others, remember, catering is a very creative enterprise. A keen imagination is required to develop interesting new menu suggestions and to arrange displays of food that not only look good but taste good, too!

A good sense of organization is crucial. Catering requires planning ahead and being able to organize work time. For instance, if you were catering a luncheon next week, you would want to develop a work schedule that spreads food preparation tasks over the week to avoid a last minute rush. A work schedule may look something like this:

Work Schedule for Lasagne Luncheon of Eighteen

(Meal to be delivered to customer's home rather than served on site.)

Monday:	Call hostess for final number of guests.
Tuesday:	Shop for staples. Make bread dough and freeze.
Wednesday:	Prepare lasagne as main course with special meat sauce. Place in freezer.
Thursday:	Prepare dessert and freeze.

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Friday:	Cut up vegetables. Make salad dressing and sauce for vegetables. Store in refrigerator.
Saturday:	Prepare salad. Write cooking instructions on separate sheet of paper and tape on each dish. Pack car and deliver meal by noon.

Because catering involves physical work and occasional long hours, basic good health and stamina are prerequisites to starting a catering business.

Another important trait is the ability to work under pressure. When things go wrong or unexpected demands pop up, will you panic or take things in stride? Remember, customers can change their minds; food can burn; the phone may never stop ringing; or special ingredients may suddenly become unavailable.

Last, you must like working with people. Customer contact is an important part of starting a catering business. Your success will depend on customer satisfaction for continued business and word-of-mouth recommendations.

Getting Organized

The catering business appeals to many women who pride themselves on their creative cooking abilities. Getting organized means investigating and giving serious thought to all of the marketing, legal, and financial considerations involved with starting a catering business. Remember, the more planning you do up front, the more successful you are likely to be.

Determine Your Product and Market

First determine what it is you will be selling and who will be interested in buying your product or service. Ask yourself these questions:

- What am I going to offer to customers?
- What do I cook best?
- What draws rave reviews from family and friends?
- Will I specialize or offer full course meals?
- Will I deliver the product direct to customers or will I have a take-out business?
- Will I provide customers with staff to serve food and clean up?
- Who are my customers—Busy mothers? Working mothers? Working couples? Clubs and organizations? Special functions?
- Is there a demand for my product?

Study the Competition

Follow up on other small and large catering businesses in your area. Find out what makes them successful or unsuccessful. Study their advertisements and promotions. Check out their reputations. What are their points of difference? In other words, how do they differ from one another? Then determine your special point of difference. Ask yourself why customers will come to you over the competition.

Plan to Start Small

Begin small. Remember, you can grow big in time.

Starting small allows you the flexibility to try new ideas out, test the market, find out what works and what does not, develop expertise and confidence, or change your mind altogether about the catering business without incurring large financial losses.

A common reason for business failure is "biting off more than one can chew." Do not make the same mistake.

Investigate Zoning Laws

Contact your city clerk and investigate the zoning laws in your community. Find out how the zone you live in applies to a home-based catering business. If, after reviewing your local zoning ordinance, you find that your catering business is technically against the law, you may want to apply for a variance or "special exemption permit."

Review Food Preparation Laws

Contact your local health agent at the Board of Health and explain your business idea. In Massachusetts, ask for a copy of "Article 10: Minimum Sanitation Standards For Food Service Establishments" and "The Laws and Regulations Pertaining to Bakeries and Bakery Products." These two publications, written in the 1940's by the Department of Public Health, are currently under study and may be revised in the near future. Presently, Massachusetts law requires that a home-based caterer work out of a separate kitchen distinct from the family or domestic kitchen. Enforcement of this law rests with the local Board of Health and may vary from town to town.

If this rule is strictly enforced in your community, consider making an agreement with a church, school, or community organization. These

Cooperative Extension Service L-370

HOME-BASED BUSINESS SERIES

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Public Health Laws and Home-Based Food Businesses #2

1. How are home-based food preparation businesses regulated?

All foods prepared at any location, including the home, for distribution and sale to consumers or retailers falls under the control and responsibility of both the State Department of Public Health and the local Board of Health. The state department makes the rules and the local Board of Health enforces them.

2. Why is the State Department of Public Health involved in the regulation of home-based food preparation businesses, anyway?

The reason is simple. Food-borne illnesses continue to be a public health problem, and some reported disease outbreaks have been traced to the preparation of foods at home.

Disease outbreaks have been attributed to many factors including poor personal hygiene and food handling practices, inadequate cooking, foods used from contaminated sources, and improper food storage. Unfortunately, any one of these factors or a combination of them can result in food poisoning—vomiting, cramps, and diarrhea.

The Department of Public Health feels that compliance with food regulations together with education and training will help keep food-borne illness outbreaks from occurring.

3. I have heard that it may not be legal to operate a food preparation business out of the family kitchen. Is this true?

In many instances, yes, but let the health agent at the local Board of Health decide. The decision to permit a business to operate from your kitchen will depend upon the kind of food products being prepared, the quantities involved, the perishable nature of the food, the set up of the kitchen, and other factors including whether or not children or pets are allowed in the food preparation area.

A second separate kitchen in the home used exclusively for the food preparation business is acceptable as long as it meets Department of Public Health guidelines.

4. Are there any other legally approved alternatives to operating out of the family kitchen?

The Department of Public Health recommends checking with a local church or community organization with a licensed kitchen.

These kitchens are usually very well-equipped, and organizations may be willing to rent them for a nominal fee. This way you can test your business idea without incurring large expenses.

5. What are the penalties involved if I go ahead and operate out of my kitchen without consulting the local Board of Health?

The Board of Health has the power to shut down your business, and is alerted to illegal businesses usually in one of two ways—newspaper stories on successful home-based entrepreneurs and neighbors who complain if the neighborhood is being disrupted in some way.

6. Where can I find out more information and get updates on public health rules and regulations?

Write or call:

State Department of Public Health,
Division of Food & Drugs
305 South Street
Jamaica Plain, MA 02130
(617) 727-2670

Prepared by Margaret A. Duffy, Extension State Specialist, 1985.

Issued by the Cooperative Extension Service, E. Bruce MacDougall, Dean, in furtherance of the Acts of May 8 and June 30, 1914; United States Department of Agriculture and Massachusetts counties cooperating. The Cooperative Extension Service offers equal opportunity in programs and employment. *J3012:4/86-5M*

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Cooperative Extension Service L-371

HOME-BASED BUSINESS SERIES

Catering

Registering as a Business in Massachusetts #3

Registering as a catering business in Massachusetts involves contacting several different offices. Generally, it's best to start with your local town or city hall. Explain what you want to do. Collect the necessary forms and then move on to the county, state, and federal offices. The process may seem involved, but it is important that you cover all your bases.

Assistance is available from your local Small Business Development Center (SBDC), your local Chamber of Commerce through its Service Corps of Retired Executives (SCORE), and any local Community Development Corporations (CDC's) you may have. On the state level, the Department of Commerce and Development, 100 Cambridge Street, Boston, MA 02202, has an Office of Small Business Assistance. It has a toll-free telephone number 1-800-632-8181. The Massachusetts Cooperative Extension Service, with offices in each county, can also be of help.

Three important points: 1) *Before* you cater food into any town other than the one in which you are registered, you must get permission from that town's Board of Health or selectmen. This may be as simple as a verbal "ok" or as complex as an inspection of your facilities and sampling of your food. 2) All prepared food *must* come from an approved source. Although home grown raw fruits and vegetables are allowed, home canned foods are not allowed. Baked goods must be prepared in an approved facility, and meats must be federally inspected. Contact your local Board of Health or the Massachusetts Department of Public Health for more information. 3) Be sure to purchase product liability insurance.

Zoning Laws

Contact your local building inspector to check zoning regulations pertaining to operating a food preparation business from your home. You may find that using your own kitchen is illegal. If so, don't be discouraged. Look into renting a legally approved facility such as a church kitchen or a restaurant during off hours. You could also ask your selectmen to grant a hearing for a special permit.

Business in the Home Permit

Contact your selectmen's office or city hall to obtain this permit. This may not be necessary if you are using a separate facility, but do inquire.

DBA Certificate

Register at your town or city hall to get a "doing business as" certificate if you're doing business under a name other than your own. To protect that name statewide, contact:
Office of Secretary of State
Trademarks Division
One Ashburton Place
17th Floor
Boston, MA 02108

Food Service Permit

Contact your local Board of Health for this permit. The procedure involves a site inspection. Fees vary, $25 being the average.

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Common Victualers/Liquor License

Contact your local board of selectmen to see whether or not you'll need this license. It is a requirement for restaurants that serve food and liquor.

Milk and Ice Cream License

If you plan to serve milk or ice cream, you must have your facilities and products inspected. The Board of Health will send an inspector for a minimal fee.

State Registration

Obtain a TA-1 package from:
Massachusetts Department of
Commerce and Development
100 Cambridge Street
Boston, MA 02202

All the necessary forms for registering with the state as a business are in this package. After completing the form, it is best to go to your local Massachusetts Department of Revenue Office to read their rules pertaining to meals tax. Depending on the situation, you may or may not have to pay that tax.

Employer Status Report

Obtain this report from:
Commonwealth of Massachusetts
Division of Employment Security
Charles Hurley Building
Government Center
Boston, MA 02114

If you have employees, you'll need this form to apply for a state unemployment compensation tax number to report your contribution as an employer to the Division of Employment Security. This allows your employees to collect "unemployment" payments when laid off. However, bear in mind that the amount you pay as an employer is based on the number of employees you "lay off" and who collect.

Federal Employer Identification Number
(Form SS-4)

Obtain the SS-4 from:
Department of Treasury
Internal Revenue Service
Andover, MA 05501
1-800-424-1040

This number is the business's "social security" number. If the business is you only, this form may not be needed. However, if you plan to hire employees, this number is required.

State Public Health

For more information contact:
Massachusetts Department of Public Health
Office of Environmental Health
305 South Street
Jamaica Plain, MA 02138
617-522-3700

Massachusetts Department of Public Health
University of Massachusetts
Amherst, MA 01003
413-545-2601

Prepared by Gretchen A. May, Extension Home Economist, 1985.

Issued by the Cooperative Extension Service, E. Bruce MacDougall, Dean, in furtherance of the Acts of May 8 and June 30, 1914; United States Department of Agriculture and Massachusetts counties cooperating. The Cooperative Extension Service offers equal opportunity in programs and employment.

J3012:4/86-5M

organizations often have well-equipped, legally approved cooking facilities, and may be willing to rent them out at a nominal fee. This alternative allows you to test your idea without immediately investing in a new kitchen facility — at least not until your business is off the ground, running and profitable.

Determine Pricing

Price quotes on catering jobs should reflect all fixed and variable expenses you will incur in the business.

Fixed costs are "one-time" yearly expenses that remain the same, such as equipment (pots, pans, serving trays, appliances) insurance premiums, even the salary you pay yourself.

Variable costs are those expenses that change month to month, such as utility bills, ingredient costs, car expenses, office equipment, and supplies.

Marjorie P. Blanchard, author of *Cater From Your Kitchen*, recommends charging three times the cost of your ingredients. Advises Ms. Blanchard, "The basic rule of thumb is this: Charge three times the cost of the ingredients. The resulting amount allows for overhead, labor, and profit. . . You can then divide the total by the number of guests, getting a cost per person. This is the figure you quote to the client."[1]

Review Insurance Requirements

Contact your home owners insurance agent. If you operate a business out of your home, you are most likely *not* covered by your home owners insurance policy. You may need to add an "endorsement" or rider to your present policy to provide needed protection.

Types of insurance coverage to consider are: personal and product liability, auto (if your car is used for business purposes), fire, business interruption, and worker's compensation (if you are hiring employees).

Insurance is meant to protect you and the business if the unexpected occurs—a guest becomes ill due to food spoilage, a car accident occurs while making a food delivery, an employee receives a burn due to negligence, or a fire starts that causes damage to your kitchen.

[1]Blanchard, Marjorie P. *Cater From Your Kitchen*. New York: Bobbs-Merrill Company, Inc., 1981, p. 36.

Investigate Business Record Keeping

Open a separate business checking account to conduct the transactions of your catering business. Do *not* use your personal check book for this purpose; a separate account is essential for accurate record keeping.

In order to take advantage of the many tax deductions available to the home-based business owner, you *must* invest some time each week to record keeping. Easy-to-use yet complete systems are available at your nearby office supply store to help you keep track of income and expenses for tax and business evaluation purposes.

Register The Name Of The Business

Once you have chosen a name for your business, you must file for a certificate known as a "D.B.A.," which stands for "doing business as." The filing fee is $10.00, and can be arranged by your town clerk.

The only instance where a D.B.A. is not required is if you are doing business as a sole proprietor under your own complete name, such as "Catering by Kate Cummings."

Create A Professional Image

Take time to create a professional versus amateur image — one that says you are competent, professional, and successful.

A professional image is reflected in the way you conduct yourself and your business:

- Be reachable, if clients call.
- Use business cards and stationery.
- Respond to inquiries and price quotes immediately.
- Have printed menus on hand to help customers make choices.
- Be sure food looks professionally prepared and is attractively displayed.

Kitchen Equipment

This list of basic kitchen items may be used as a guide for starting a catering business.

Although large scale cooking will require a sizable quantity and variety of kitchen items, experienced caterers recommend starting small and gradually accumulating appliances and other kitchen equipment. Of course, depending on your business and specialty areas, you may not require all of the items.

It is a good idea to take an inventory of what you already own. You will probably be surprised at how much you already have.

Large Equipment

- Standard stove with four burners and one or two ovens
- Blender
- Food Processor
- Refrigerator
- Freezer

Pots and Pans

- Roasting Pan and Rack
- Skillets, large and small
- Sauce Pans, large and small
- Crêpe Pan
- Kettle
- Tart Tins
- Baking Sheets
- Jelly Roll Pans
- Spring Form Pans
- Muffin Tins
- Bread Pans
- Cooling Racks
- Cake Pans with removable bottoms
- Biscuit and Cookie Cutters
- Bundt Pans

Serving Containers

- Enamelware
- Salad Bowls
- Quiche Dishes
- Casserole Dishes
- Soufflé Dishes

Small Kitchen Tools

- Set of Knives
- Kitchen and Poultry Shears
- Can Opener
- Funnels
- Colanders
- Strainers
- Measuring Cups and Spoons
- Vegetable Parers
- Hand Grater
- Egg Slicer
- Salad Tongs
- Fruit Juicer
- Rolling Pin
- Spatulas
- Wooden Spoons
- Sifter
- Molds

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